



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WAYNE COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
WAYNE COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Wayne County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Fee account balances decreased by \$24,190 from prior calendar year, resulting in a cash surplus of \$25,456 as of December 31, 2000. Revenues increased by \$25,936 from the prior year and disbursements increased by \$53,879.

Excess Fees:

On January 25, 2001, the Sheriff paid \$25,456 to fiscal court as excess fees for calendar year 2000.

Report Comments:

- We would like to commend the Wayne County Sheriff, James L. Hill, and Bookkeeper, Denise Simpson, for excellent accounting procedures and record keeping.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Wayne County Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2001, on our consideration of the County Sheriff's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

- We would like to commend the Wayne County Sheriff, James L. Hill, and Bookkeeper, Denise Simpson, for excellent accounting procedures and record keeping.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 9, 2001

WAYNE COUNTY
JAMES L. HILL, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Grants		\$	24,583
State Grants			20,056
State Fees For Services:			
Finance and Administration Cabinet			8,136
Circuit Court Clerk:			
Sheriff Security Service	\$	4,991	
Fines and Fees Collected		4,150	
Restitution Collected		193	9,334
Fiscal Court			117,146
County Clerk - Delinquent Taxes			1,348
Commission On Taxes Collected			139,442
Fees Collected For Services:			
Auto Inspections	\$	5,755	
Accident and Police Reports		186	
Serving Papers		12,950	
Transporting Mental Patients		12,615	
Carrying Concealed Deadly Weapon Permits		6,750	38,256
Other:			
Sheriff's Fee on Taxes	\$	21,975	
Returned Checks		178	
Miscellaneous		49	22,202
Interest Earned			2,168
Borrowed Money:			
State Advancement	\$	40,000	
Loans-Other Accounts		23,400	63,400
Gross Receipts		\$	446,071

WAYNE COUNTY
 JAMES L. HILL, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Payments to State-

Carrying Concealed Deadly Weapon Permits	\$	4,655
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Personnel Services-

Deputies' Salaries	\$	214,475	
Part-Time Salaries		8,948	
Employer Benefits-Federal Grants		3,130	
Employer Share-Retirement on Incentive		1,351	227,904

Contracted Services-

Advertising	\$	412	
Vehicle Maintenance and Repairs		18,334	18,746

Materials and Supplies-

Office Materials and Supplies	\$	3,884	
Uniforms		3,781	7,665

Auto Expense-

Gasoline			21,144
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Other Charges-

Conventions and Travel	\$	3,718	
Dues		429	
Return Checks		178	
Postage		165	
Telephone		3,392	
Film and Developing		2,025	
Civil County Fee		400	
Miscellaneous		548	10,855

Capital Outlay-

Office Equipment	\$	2,270	
Vehicles		8,200	10,470

WAYNE COUNTY
 JAMES L. HILL, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Debt Service:

State Advancement	\$	40,000	
Loans-Other Accounts		<u>23,400</u>	<u>\$ 63,400</u>
Total Disbursements			<u>\$ 364,839</u>
Net Receipts			\$ 81,232
Less: Statutory Maximum	\$	55,070	
Training Incentive		<u>706</u>	<u>55,776</u>
Excess Fees Due County for Calendar Year 2000			\$ 25,456
Payments to County Treasurer - January 25, 2001			<u>25,456</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Marijuana Eradication Fund

The Sheriff maintained a marijuana eradication account for calendar year 2000. The beginning balance in the account was \$7,705 and receipts for the year were \$9,754. Disbursements during the year totaled \$12,418, resulting in an ending balance at December 31, 2000 of \$5,041. The ending balance in this account is not available as excess fees. This account is restricted for marijuana eradication.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Wayne County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated August 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 9, 2001

